



# County of Los Angeles CHIEF EXECUTIVE OFFICE

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Chief Executive Officer

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November 27, 2007

To: Supervisor Zev Yaroslavsky, Chairman  
Supervisor Gloria Molina  
Supervisor Yvonne B. Burke  
Supervisor Don Knabe  
Supervisor Michael D. Antonovich

From: William T Fujioka  
Chief Executive Officer

A handwritten signature in black ink, appearing to be "W. T. Fujioka", is written over the printed name and title.

## WASHINGTON, D.C. UPDATE

### State Children's Health Insurance Program (SCHIP) Reauthorization Bill

The State's Managed Risk Medical Insurance Board (MRMIB) will be considering whether to begin limiting enrollment in the Healthy Families Program at its next meeting on December 5, 2007. Earlier this month, MRMIB adopted emergency regulations authorizing it to establish waiting lists and disenroll children from Healthy Families if it finds that sufficient funds are not available to cover estimated program expenditures. The State currently estimates that it needs a Federal Fiscal Year (FFY) 2008 State Children's Health Insurance (SCHIP) allotment of at least \$1.23 billion to maintain current Healthy Families program levels. In comparison, the State's SCHIP allotment was \$790 million in FFY 2007.

As reported in previous Washington, D.C. updates, H.R. 976, the SCHIP reauthorization bill vetoed by the President, would have provided California with sufficient increased funding to expand Healthy Families coverage to children in families with incomes up to 300 percent of the Federal poverty level (FPL) as proposed in various State health care reform proposals. However, the \$1.0 billion a year increase in overall SCHIP funding supported by the President would not provide the State with sufficient funding to maintain current Healthy Families program levels, let alone expand the program.

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SCHIP currently is funded at its FFY 2007 funding level under a Continuing Resolution, which expires on December 14, 2007.

Due to the lack of progress in Washington, D.C. in reaching agreement on a multi-year SCHIP reauthorization bill which would provide California with sufficient funding, MRMIB began taking steps to cut program spending by limiting enrollment. Congress will not reconvene until next week, and it is unlikely that a compromise agreement on SCHIP reauthorization legislation will be reached before MRMIB meets on December 5, 2007. It also is uncertain whether agreement can be reached before the end of either the current calendar or fiscal year.

### **Medicaid Targeted Case Management Regulations**

As indicated in press reports, the Centers for Medicare and Medicaid Services (CMS) is expected to soon issue a long-awaited interim final rule to implement provisions in the Deficit Reduction Act (DRA) of 2005 which narrow the definition of Medicaid targeted case management (TCM) services, including those related to foster care. Even before the DRA's enactment, CMS began restricting the availability of Medicaid funding for TCM services. The County's Department of Children and Family Services no longer receives any Medicaid revenue for TCM services. In 2006-07, the County submitted claims for a combined total of \$2.9 million in Medicaid TCM funding for Probation and the Public Guardian. The County's Department of Public Health recently began to seek reimbursement for TCM services provided under its Nurse-Family Partnership Program, which serves high-risk pregnant girls/women.

It is not clear that the interim final rule would have any significant fiscal impact on the County because CMS has not indicated whether the interim final rule would be more restrictive than under its current policies. In addition, the President's proposed Budget for FFY 2008 does not assume any budget savings relating to Medicaid TCM services other than \$1.2 billion in savings over five years from a proposal to reimburse all TCM services at a 50 percent match rate. This budget proposal does not affect California because the State's Medicaid match rate already is 50 percent.

We will continue to keep you advised.

WTF:GK  
MAL:MT:acn

c: All Department Heads  
Legislative Strategist